

## Singh, Angela K (DOA)

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**From:** Carlisle, Samantha J (DOA)  
**Sent:** Friday, January 10, 2014 2:11 PM  
**To:** Singh, Angela K (DOA)  
**Subject:** FW: Baker Hughes' Further Comments on AOGCC Proposed Changes to AAC Title 20, Chapter 25 Regarding Hydraulic Fracturing  
**Attachments:** 2014-01-10 Baker Hughes Further Comments to AOGCC Proposed Changes to AAC Title 20, Chapter 25 Regarding Hydraulic Fracturing.pdf

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**From:** Armstrong, Matt [<mailto:Matt.Armstrong@bakerhughes.com>]  
**Sent:** Friday, January 10, 2014 2:10 PM  
**To:** Colombie, Jody J (DOA)  
**Cc:** Carlisle, Samantha J (DOA); Mathew, Peter V  
**Subject:** Baker Hughes' Further Comments on AOGCC Proposed Changes to AAC Title 20, Chapter 25 Regarding Hydraulic Fracturing

Ms. Colombie –

Attached please find a .pdf copy of Baker Hughes' further comments on the Alaska Oil & Gas Conservation Commission's proposed changes to Title 20, Chapter 25 of the Alaska Administrative Code, with regard to hydraulic fracturing. We are submitting these comments pursuant to the instructions contained in the November 1, 2013.

We greatly appreciate the opportunity to provide comment. If you or anyone else at the Commission have any questions please do not hesitate to contact me or Peter Mathew (cc'd here).

Thanks,

Matt Armstrong

**Matthew J. Armstrong** | Director, Government Relations  
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January 10, 2014

**VIA E-MAIL**

Cathy P. Foerster  
Chair and Commissioner  
Alaska Oil and Gas Conservation Commission  
333 West 7<sup>th</sup> Ave., Suite 100  
Anchorage, Alaska 99501

**Re: Alaska Oil and Gas Conservation Commission proposed changes to Title 20, Chapter 25 of the Alaska Administrative Code, with regard to hydraulic fracturing.**

Dear Ms. Foerster:

Baker Hughes Incorporated (Baker Hughes) submits the following comments on the Alaska Oil and Gas Conservation Commission (AOGCC) proposed revision of Title 20, Chapter 25 of the Alaska Administrative Code with regard to hydraulic fracturing (hereinafter, the Proposed Rule).

Baker Hughes is a leading international oilfield technology and service company headquartered in Houston, Texas, with operations in Alaska employing over 200 people. We have a proud, century-long history of providing technological solutions in both products and services for the full life-cycle of oil and natural gas reservoir development, from reservoir development to drilling and evaluation to completion and production. Baker Hughes spent nearly half a billion dollars on research and engineering in 2013, with an emphasis on developing solutions for the unconventional, deepwater, and high-pressure/high-temperature oil and gas frontiers.

Baker Hughes greatly appreciates the opportunity to comment once again on AOGCC's efforts to clarify and delineate the requirements associated with hydraulic fracturing in Alaska. We are gratified to see that the revisions to the Proposed Rule published on November 1, 2013—specifically to 20 AAC 25.283(h)(2) and (k)—appear to address the essential aspects of our comment letters dated April 1, 2013 and August 5, 2013. As with those letters, our comments here are narrowly focused on the provisions regarding disclosure of hydraulic fracturing chemistry.

The Proposed Rules now explicitly recognize the existence of potential trade secret claims associated with the information required to be reported and publicly disclosed, which brings the Proposed Rule into alignment with Alaska state law, as well as the prevailing standard for hydraulic fracturing chemistry disclosure in every other U.S. jurisdiction, including on federal lands. This is a critical improvement to the Proposed Rule, one that will sustain continued



investment in technology and that will ensure that leading-edge chemistries continue to be deployed with confidence in Alaska, with corresponding operational and environmental benefits.

Section 20 AAC 25.283(k) of the Proposed Rules recognizes that the party claiming trade secret protections may not be the operator, and extends the ability to claim trade secrets to other "filing part[ies]" such as service companies and chemical manufacturers. This change will ensure that the Proposed Rule can be administered efficiently, and that disputes regarding trade secret claims will be adjudicated by the appropriate parties, with a minimum of hardship for AOGCC and operators. However, that language is not continued into 20 AAC 25.283(l), and so we would respectfully request that 20 AAC 25.283(l) be modified to read "[u]pon written request of the operator or other filing party,..." This would ensure that AOGCC retains the appropriate level of flexibility and discretion in its administration of the Proposed Rule.

Again, Baker Hughes is supportive of the changes made to 20 AAC 25.283(h)(2) and (k) in this latest draft of the Proposed Rule. We believe that these changes reflect well-established law and will result in a workable disclosure framework that achieves AOGCC's objectives. We welcome further discussion of this important rule, and we invite AOGCC to contact us regarding any questions related to these comments or any other topics relevant to AOGCC's work in this area. If you have any questions concerning our comments or require clarification, please contact me at (202) 777-2722, or Peter Mathew, Director—Alaska GeoMarket, at (907) 267-3400. Thank you for your consideration.

Sincerely yours,

A handwritten signature in blue ink, appearing to read "Matt Armstrong", with a long, sweeping underline.

Matt Armstrong  
Director, Government Relations